

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

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|---|---|------------|
| LH TELECOM, INC. | : | |
| | : | |
| Application for a certificate of | : | |
| local and interexchange authority | : | Docket No. |
| to operate as a reseller and facilities | : | |
| based carrier of telecommunications | : | |
| services throughout the State of | : | |
| Illinois. | : | |

**APPLICATION FOR CERTIFICATE TO BECOME A
TELECOMMUNICATIONS CARRIER**

GENERAL

1. Applicant's Name(including d/b/a, if any) FEIN # 42-1506697

LH TELECOM, INC
Address:

666 Walnut Street
Suite 1900
Des Moines, Iowa 50309

2. Authority Requested: (Mark all that apply)

☒ 13-403 Facilities Based Interexchange

☒ 13-404 Resale of Local and/or Interexchange

☒ 13-405 Facilities Based Local

3. Request for waivers/variances: In applications for local exchange service authority under Sections 13-404 or 13-405, waivers of Part 710 and of Section 735.180 of Part 735 are generally requested. In applications for interexchange service authority under Sections 13-403 and 13-404, waivers of Part 710 and Part 735 are generally requested. Please indicate which waivers Applicant is requesting and explain why Applicant is requesting each waiver/variance.

☒ Part 710 Uniform System of Accounts for Telecommunications Carriers

☒ Part 735 Procedures Governing the Establishment of Credit, Billing, Deposits,
Termination of Service and Issuance of Telephone Directories for Local

Exchange Telecommunications Carriers in the State of Illinois

 X Part 735.180 Directories

 X Part 250 Maintaining Books and records within the State of Illinois.

4. For all applicants requesting local exchange authority under Section 13-404 or Section 13-405, please complete the following:
 - (a) the Standard Questions for Applicants Seeking Local Exchange Service Authority found in Appendix A of this document
 - (b) the 9-1-1 Questions for Applicants Seeking Local Exchange Service Authority found in Appendix B of this document;
 - (c) the Financial Questions for Applicants Seeking Local Exchange Service Authority found in Appendix C of this document; and
 - (d) if applicable, the Prepaid Service Questions for Applicants Seeking Local Exchange Service Authority found in Appendix D of this document.
5. In what area of the state does the Applicant propose to provide service?

Applicant seeks statewide authority

6. Please attach a sheet designating contact persons to work with Staff on the following:
 - a) issues related to processing this application

Thomas H. Rowland
Rowland & Moore
200 W. Superior, Suite 400, Chicago IL 60610
voice: (312) 803-1000
fax: (312) 803-0953
tom@telecomreg.com
 - b) consumer issues
 - c) customer complaint resolution
 - d) technical and service quality issues
 - e) "tariff" and pricing issues
 - f) 9-1-1 issues
 - g) security/law enforcement

The contact person for (b) through (g) is:

Amy Sinclair
Service Order Fulfillment Manager
LH TELECOM, INC
666 Walnut Street
Suite 1900
Des Moines, Iowa 50309
515-471-1000
515-471-1112
asinclair@lightedge.com

Please identify each contact person's (i) name, (ii) title, (iii) mailing address, (iv) telephone number, (v) facsimile number, and (vi) e-mail address.

7. Please check type of organization?

_____ Individual

 X Corporation

_____ Partnership

Date corporation was formed 9 / 14 / 1999

In what state? Iowa-Illinois authority obtained on
10/26/2005

_____ Other (Specify) LLC

8. Submit a copy of articles of incorporation and a copy of certificate of authority to transact business in Illinois.

See Articles of Incorporation with the Sate of Iowa (attached as Appendix E - 1) and Certificate of Authority to Transact Business in Illinois to be filed under separate cover and to be designated as Appendix E - 2.

9. List jurisdictions in which Applicant is offering service(s).

Iowa, Nebraska, Minnesota

10. Has the Applicant, or any principal in Applicant, been denied a Certificate of Service or had its certification revoked or suspended in any jurisdiction in this or another name?

_____ YES (Please provide details) X NO

11. Have there been any complaints or judgments levied against the Applicant in any other jurisdiction?

_____ YES X NO

If YES, describe fully. _____

12. Has Applicant provided service under any other name?

___YES ___X___NO

If YES, please list:

13. Will the Applicant keep its books and records in Illinois? ___ YES ___X___ NO

If NO, permission pursuant to 83 Ill. Adm Code Part 250 needs to be requested.

MANAGERIAL

14. Please attach evidence of the applicant's managerial and technical resources and ability to provide service. This may be in either narrative form, resumes of key personnel, or a combination of these forms.

See Attached Appendix F for biographies of the key personnel of LH TELECOM, INC.

15. List officers of Applicant.

Jim Masterson - Chairman and CEO

Jeff Springborn - President & COO

Dave Sengpiel - Secretary

Matt Kinley - Treasurer

16. Does any officer of Applicant have an ownership or other interest in any other entity which has provided or is currently providing telecommunications services? ___ YES ___X___ NO

If YES, list entity. _____

17. How will Applicant bill for its service(s)? (At a minimum, describe how often the Applicant will bill for service and details of the billing statement.)

Applicant will bill its customers on a monthly basis. Applicant's bills will provide sufficient detail to show services and features being provided and the cost of those services and features. All taxes and surcharges will be listed on the bill. Such taxes and surcharges will be listed in the manner set forth in any applicable Commission regulation.

18. How does Applicant propose to handle service, billing, and repair complaints? (At a minimum, describe Applicant's internal process for complaint resolution, the complaint escalation process, the timeframe and process by which the customer is notified by Applicant that they may seek assistance from the Commission?)

Applicant will have a toll free number for customers to call with service billing or repair complaints. Applicant's complaint process will be set forth in its tariffs. Applicant's procedures will allow customers to initially bring complaints to Applicant's service personnel and escalate complaints to Applicant's senior management. Customers will be provided written notice of their rights to seek assistance from the Commission.

19. Will personnel be available at Applicant's business office during regular working hours to respond to inquiries about service or billing? X YES NO

20. What telephone number(s) would a customer use to contact your company?

Customers can contact the company at (515) 471-1000. The toll free number for contacting the company is: (877) 771-3343.

21. Will Applicant abide by all Federal and State slamming and cramming laws pursuant to Section 13-902 of the Public Utilities Act and Section 258 of the 1996 Telecommunications Act?

 X YES NO

22. Please describe applicant's procedures to prevent slamming and cramming of customers?

Applicant intends to provide data services and not circuit switched local voice services. Should Applicant provide circuit switched voice services in the future it will abide by all FCC and Illinois Commerce Commission rules and state or federal statutes regarding the prevention of slamming. Applicant plans to use procedures that include customer authorization letters and third party verification.

23. If granted authority to operate as a local exchange carrier, will the applicant abide by the following 83 Illinois Administrative Code Parts: 705, 710, 720, 725, 730, 732, 735, 755, 756, 757, 770, and 772?

 X YES NO (If no, please provide an explanation.)

24. Is Applicant aware that it must file tariffs prior to providing service in Illinois?

 X YES NO

FINANCIAL

25. Please attach evidence of Applicant's financial fitness through the submission of its most current income statement and balance sheet, or other appropriate documentation of applicant's financial resources and ability to provide service.

Attached is a copy of a balance sheet as of December 31, 2005 and 2004 and an income statement for the twelve months ended December 31, 2005 and 2004, marked Appendix G. Applicant believes that this financial statement reflects sufficient financial ability to carry out the business plan of Applicant. Applicant requests proprietary treatment for Appendix G, which contains confidential financial information, the release of which could adversely affect Applicant.

TECHNICAL

26. Does Applicant utilize its own equipment and/or facilities? ☒ YES ☐ NO

If YES, please list the facilities Applicant intends to utilize. Also include evidence that Applicant possesses the necessary technical resources to deploy and maintain said facilities:

Network equipment including routers and servers

If NO, which facility provider(s)'s services does the Applicant intend to use?

Tail circuits, Point to Point circuits and high cap circuits will be provided by LEC

27. Please describe the nature of service to be provided (e.g., operator services, internet, debit cards, long distance service, data services, local service, prepaid local service).

Internet and data services

28. Will technical personnel be available at all times to assist customers with service problems?

☒ YES ☐ NO

29. If Applicant intends to provide payphone service, will the equipment utilized comply with FCC requirements and Finding (9) of the Commission Order entered in Docket No. 84-0442 on June 11, 1986, including, but not limited to: (a) touch dialing; (b) access to 9-1-1 and "0" operator dialing without use of a coin; (c) rules governing use of payphones by disabled persons; (d) ability to complete local and long-distance calls; (e) unlimited duration for local calls; and (f) a message explaining the telephone's general operations, dialing instructions for emergency assistance, payphone owner's name, method of reporting service problems and method of receiving credit for faulty calls? ☐ YES ☒ NO

Not applicable because Applicant will not offer payphone service.

(Signature of Applicant)

VERIFICATION

(Filed separately as a scanned document)

Standard Questions for Applicants Seeking Local Exchange Service Authority

1. Is your company seeking any waivers or variances of certain Commission rules and regulations in this proceeding that pertain to local exchange service? Please provide evidence as to why your company is seeking any waiver or variance.

Answer: Applicant requests a variance from 83 Ill. Adm. Code Part 735.180, the requirement to publish a directory.

Applicant further requests a waiver of the application of Part 710 Uniform System of Accounts for

Telecommunications Carriers. These waivers are identical to those previously granted by the Commission to other similarly situated telecommunications carriers. A variance of Section 735.180 is appropriate because no party will be injured by the grant of a variance and the rule would be unreasonably or unnecessarily burdensome as applied to Applicant. No party will be harmed by a grant of this variance because it is in the interest and convenience of the public to be able to refer to one directory for a universal listing of customer information. It would be unnecessarily burdensome for Applicant to publish and distribute its own directory to all customers located within its exchange areas since nearly all such customers will receive local exchange service from their existing local exchange carrier.

Applicant requests a waiver of 83 IAC 710 relating to the requirement to maintain records under the USOA because it can maintain its books and records in an accounting system that complies with Generally Accepted Accounting Principles (GAAP). An accounting system following GAAP would more accurately reflect Applicant's business operations. A copy of the system of accounts that Applicant will use is contained in the projected financial statements attached as Schedule H. Pursuant to Part 710.18, as a carrier requesting a waiver of the USOA, Applicant must establish: (1) that existing peculiarities or unusual circumstances are present which warrant a departure from the prescribed procedure or technique; (2) that Applicant's alternative reporting procedures will result in a substantially equivalent or more accurate portrayal of Applicant's operating results or financial condition, consistent with the principles embodied in the system of accounts; and (3) that the use of the alternative procedure will maintain or improve uniformity in substantive results as among telecommunications carriers. First, requiring Applicant to maintain its accounting records and procedures in conformity with USOA would be unnecessarily burdensome and of no particular benefit to its customers. In addition, the requirement places Applicant at a competitive disadvantage since other new entrants of similar size have already been granted waivers which exclude them from the burden of

complying with the USOA. Second, Applicant will maintain an accounting system in accordance with GAAP that will accurately reflect the company's operations. These procedures will provide for comparable reporting of Applicant's local service operations and will allow for a meaningful review of the company's operations by the ICC. Third, the use of GAAP by Applicant will not affect the review of telecom carriers by the ICC and would be consistent with the accounting procedures used by other new entrants, allowing the ICC to uniformly monitor the new companies.

2. Will your company comply with 83 Illinois Administrative Code Part 772, Pay-Per-Call Services, including Part 772.55(a)(1), Billing and Part 772.100(d) Notices?

Answer: N/A.

3. Will your company comply with 83 Illinois Administrative Code Part 705, Preservation of Records of Telephone Utilities?

Answer: Yes

4. Will your company abide by 83 Illinois Administrative Code Part 735, "Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Telephone Utilities in the State of Illinois"?

Answer: Yes, with the exception of 83 IAC 735.180, of which a waiver has been requested above.

5. Will your company abide by 83 Illinois Administrative Code Part 732, "Customer Credits"?

Answer: Yes.

6. Who will provide customer repair service for your company?

Answer: Technical personnel contracted to LH Telecom.

7. How many people does the company employ?

Answer: Applicant has a management contract for employees, all of whom are outsourced.

8. Will your company meet the requirements as they pertain to the Telephone Assistance Programs imposed by Sections 13.301 and 13.301.1 of the Illinois Public Utilities Act and

83 Illinois Administrative Code Part 757?

Answer: Applicant intends to provide data services and not circuit switched local voice services. Should Applicant provide circuit switched voice services in the future it will abide by all FCC and Illinois Commerce Commission rules and state or federal statutes.

9. Will your company solicit, collect, and remit the voluntary contributions from its telephone subscribers to support the Telephone Assistance Programs?

Answer: Yes.

10. Does your company plan on filing to become an Eligible Telecommunications Carrier?

Answer: No.

11. Does the company realize that it will not be able to receive any of the federal reimbursements for the Lifeline and Link Up Programs if it is not an eligible carrier?

Answer: Yes.

12. Will your company offer all of the waivers associated with the Universal Telephone Service Assistance Programs (UTSAP)?

Answer: N/A. Applicant intends to provide data services and not circuit switched local voice services. Should Applicant provide circuit switched voice services in the future it will abide by all FCC and Illinois Commerce Commission rules and state or federal statutes.

13. Will your company abide by the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications Access for Persons with Disabilities," 83 Illinois Administrative Code Part 756 "Telecommunications Relay Service," and Sections 13-703 of the Illinois Public Utilities Act?

Answer: N/A. Applicant intends to provide data services and not circuit switched local voice services. Should Applicant provide circuit switched voice services in the future it will abide by all FCC and Illinois Commerce Commission rules and state or federal statutes.

14. Will the company's billing system be able to distinguish between resale and facilities based service for the collection of the ITAC line charge?

Answer: Yes.

15. Has your company signed and return the Universal Telephone Assistance Corporation ("UTAC") and the Illinois Telecommunications Access Corporation ("ITAC") to Commission staff?

Answer: Applicant will submit the appropriate ITAC and UTAC forms.

16. How does your company plan to solicit customers once it begins to provide local service?

Answer: mailings and general marketing.

17. Has your company provided service under any other name?

Answer: No.

18. Have any complaints or judgments been levied against the company? (Instate, out-of-state, or FCC).

Answer: No.

Appendix B

9-1-1 Questions for Applicants Seeking Local Exchange Service Authority

1. Will your company ensure that 911 traffic is handled in accordance with the 83 Illinois Administrative Code Part 725 and the Emergency Telephone System Act?

Answer: Yes.

2. Will your company contact and establish a working relationship with the 911 systems when you begin to provide local telephone service?

Answer: Yes.

3. Will your company coordinate with the incumbent LEC(s) and local 911 systems to provide transparent service for your local exchange customers?

Answer: Yes.

4. Who will be responsible for building and maintaining the 911 database for your local exchange customers?

Answer: Applicant will work with incumbent local exchange carriers and third party providers to build and maintain the 911 database for local exchange customers.

5. How often will your company update the 911 database with customer information?

Answer: As customers are added to the Applicant's regulated system, it will provide information to the incumbent local exchange carrier or third party provider that will allow it to update its 911 database.

6. Will your company's billing system have the ability to distinguish between facilities based and resale for the collection of the 911 surcharge?

Answer: Yes.

7. Does your company have procedures for the transitioning of the 911 surcharge collection and disbursement to the local 911 system?

Answer: Yes.

8. Will your company's proposal require any network changes to any of the 911 systems?

Answer: No.

9. Will your company be able to meet the requirements specified under Part 725.500(o) and 725.620(b) for the installation of call boxes?

Answer: Yes.

10. Does your company plan to file for a waiver of Part 725.500(o) and 725.620(b) in the future?

Answer: If it is determined that Applicant has obligations under Part 725.500(o) and 725.620(b) then it will petition for a waiver of those requirements.

Financial Questions for Applicants Seeking Local Exchange Service Authority

1. (Answer if requesting waiver of Part 710) What circumstances warrant a departure from the prescribed Uniform System of Accounts ("USOA")?

Answer: Applicant is requesting a waiver of Part 710. See response to Appendix A, question 1 for a description of the circumstances that warrant that departure from USOA.

2. Will records be maintained in accordance with Generally Accepted Accounting Principles ("GAAP")?

Answer: Yes.

3. Will applicants accounting system provide an equivalent portrayal of operating results and financial condition as the USOA?

Answer: Yes.

4. Will applicants accounting procedures maintain or improve uniformity in substantive results as among similar telecommunications companies?

Answer: Yes.

5. Will applicant maintain its records in sufficient detail to facilitate the calculation of all applicable taxes?

Answer: Yes.

6. Does the accounting system currently in use by applicant provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns? What specific accounts or sub-accounts provide this data?

Answer: Yes. See attached Chart of Accounts, Appendix H, for specific accounts.

7. If a waiver of Part 710 is granted, will applicant provide annual audited statements or all periods subsequent to granting of the waiver?

Answer: Yes.

8. Does applicant agree that the requested waiver of Part 710 will not excuse it from compliance with future Commission rules or amendments to Part 710 otherwise applicable to the Company?

Answer: Yes.

9. Please attach a copy of applicant's chart of accounts.

Answer: See attached system of accounts, Appendix H.

Prepaid Service Questions for Applicants Seeking Local Exchange Service Authority

Applicant does not intend to offer prepaid services, so this Appendix is not applicable to its operations.